



福田實業(集團)有限公司

Fountain Set (Holdings) Limited

(incorporated in Hong Kong with limited liability)

(Stock Code: 420)

PROFIT WARNING

The Board wishes to inform the shareholders of the Company and potential investors that the results of the Group for the six months ended 29th February 2008 will record a loss attributable to an increase in operating cost of the Group. The results of the Group for the year ending 31st August 2008 will also record a loss mainly attributable to asset impairments resulted from a substantial reduction in production capacity of Dongguan Fuan Textiles Limited, one of the Group's joint-venture subsidiaries in Dongguan city, Guangdong, the People's Republic of China.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by Fountain Set (Holdings) Limited (the "Company") pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The board of directors (the "Board") of the Company wishes to inform the shareholders of the Company and potential investors that the Company and its subsidiaries (collectively the "Group") will record losses for the six months ended 29th February 2008 and the year ending 31st August 2008 respectively. The loss for the six months ended 29th February 2008 will be attributable to an increase in the operating cost of the Group, including appreciation of the Renminbi against the US dollars, upsurge in international fuel and energy prices, and increase in labour cost. The loss for the year ending 31st August 2008 will be mainly attributable to asset impairments resulted from a substantial reduction in production capacity of Dongguan Fuan Textiles Limited, one of the Group's joint-venture subsidiaries in Dongguan city, Guangdong, the People's Republic of China.

This profit warning announcement is based on the preliminary assessment by the Company's management. The interim results and final results announcements for the six months ended 29th February 2008 and the year ending 31st August 2008 are expected to be published by the ends of May 2008 and December 2008 respectively.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

The followings are the directors of the Company as at the date of this announcement:

Executive Directors

Mr. Ha Chung Fong
Mr. Lau Hong Yon
Mr. Ha Kam On, Victor
Dr. Yen Gordon
Mr. Wai Yick Man

Non-executive Directors

Mr. Ha Hon Kuen
Mrs. Fung Yeh Yi Hao, Yvette

Independent Non-executive Directors

Mr. Ng Kwok Tung
Mr. Wong Kwong Chi
Mr. Chow Wing Kin, Anthony,
SBS, JP

By order of the Board
Fountain Set (Holdings) Limited
Ha Chung Fong
Chairman

Hong Kong, 29th February 2008